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Bulgarian Presidency of the Council
of the European Union

The Bulgarian EU Presidency and Financial Services

1 January to 30 June 2018

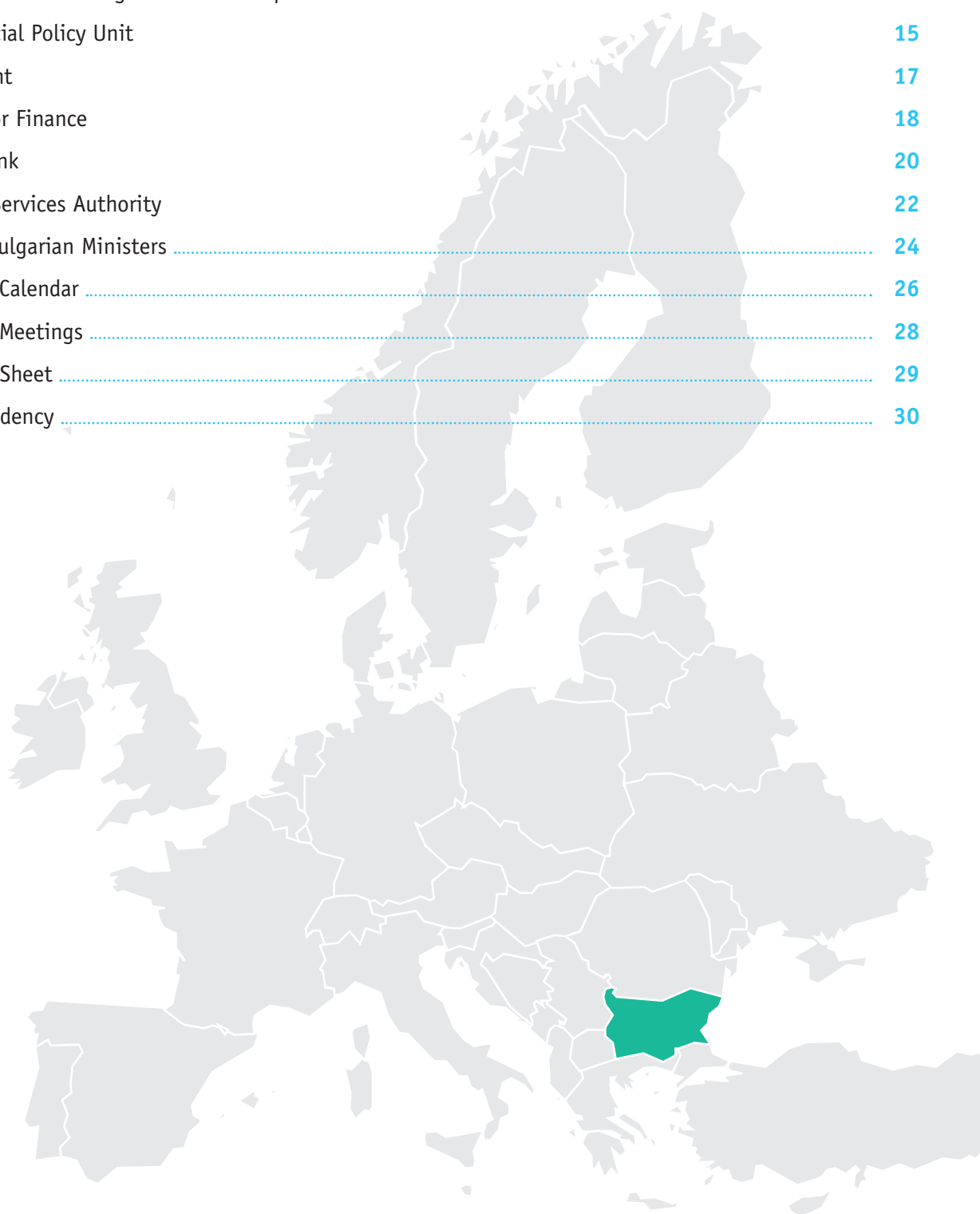
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Priorities of the Bulgarian Presidency

From January until June 2018 Bulgaria will, for the first time, assume the role of the Presidency of the Council of the European Union at a critical point in European History. The EU is facing a wide range of challenges including on migration, security, Brexit, a new balance in relations with the United States and Russia, and questions on the future of the EU itself. Elections in Italy will be emblematic of the challenge to the fundamentals of the European Project as the Union's foundations secured in the wake of the French and German Elections may once again be under threat. In addition, minds and ambitions are already being cast forward to the new mandates of the European Parliament and Commission in 2019, and it is within this context that Bulgaria assumes this position of leadership, and aims to bring greater solidarity and unity to the EU.

The key areas of focus of this Council Presidency will be: i) the Future of Europe and young people – economic growth and social cohesion; ii) European perspective and connectivity in the Western Balkans; iii) Security and Stability in a strong and united Europe; and iv) Digital Economy and skills for the future.

Economic growth and social cohesion are key to the future of Europe. The Bulgarian Presidency has identified cohesion as an important part of achieving greater economic and social unity, and thus is looking to lead a debate on the future of the Multiannual Financial Framework. The Bulgarians are looking to review established funding mechanisms and set up new ones, as well as considering the financial instruments used to applying funds and the ways that grants are financed.

The Bulgarian Presidency also has ambitions of creating a clear action plan on the Balkans – they want to build bespoke relations and agreements with each of the countries by taking concrete steps. The ultimate goal is to provide greater connectivity to the Western Balkan countries – through air transport, energy, educational and digital infrastructure. Bulgaria is looking to divert significant efforts towards achieving this, and is of the opinion that addressing connectivity and synergy with the Balkans has been neglected in recent years.

Bulgaria will also work towards achieving enduring, effective, and fair solutions in security and asylum-seekers policy. Greater emphasis will be given to security, where the focus has been placed on strengthening border controls, exchange of information between national security bodies, and the prevention of criminal and terrorist activity. A balanced approach between short and long-term measures aimed at addressing issues on migrant destinations and origins is also a goal of the presidency.

Lastly, Bulgaria also sees the EU's economic competitiveness as a priority, and ties digital infrastructure and innovation closely to this. The Digital Single Market, access to innovation and the link between education and the requirements of the future labour market are the so-called cornerstones of technological development. Additionally, electronic communication, providing cross-border services (particularly to SMEs), copyrighting, e-privacy and cyber security are some of the items on the agenda that are due to be discussed during the Presidency.

Key Financial Services Initiatives and Legislative Dossiers

The Bulgarian Presidency takes office during a period of relative economic calm on the continent, nevertheless with the EU's largest financial centre set to leave the bloc in 2019 it is critical that the Presidency continues to make progress on key financial services files. The Bulgarians have stated that they are aiming to make inroads on the stability of the banking sector, continue work on the Capital Markets Union (CMU), the Banking Union and make progress on the digital economy.

The Bulgarians have expressed their commitment to pushing forward with and completing negotiations within Council on the Risk Reduction Measures (RRM) package. The Presidency will aim to reach a General Approach on the Capital Requirements Regulation (CRR) II and Directive (CRD) V, Bank Recovery and Resolution Directive (BRRD) and the Single Resolution Mechanism Regulation (SRMR) by March. On the capital side, key outstanding issues are the net stable funding ratio (NSFR), the intermediate parent undertaking (IPU) and Pillar 2, amongst others. In the resolution half of the package, the key issues revolve around the proposed extended moratorium powers, particularly the length of the stay and home-host issues. Following reaching an agreement on these issues they will aim to kick off trilogue negotiations.

Regarding further elements of the Banking Union, the Presidency has committed to achieving progress at political and technical levels on the proposal for the creation of a European Deposit Insurance Scheme, (EDIS) and to starting work on the rest of the measures for completing the Banking Union outlined in the 11 October Commission Communication. Regarding Non-performing loans (NPLs), the Commission will present a Banking package on 28 March 2018, which will contain a proposal for the development of secondary market for NPLs. The Presidency will launch discussions on the matter. It is expected that the 23 January ECOFIN Council will provide more clarity on banking-related work.

On the CMU, the Presidency will focus on the EMIR Supervision proposal and, as the Estonians failed to reach a general approach on the Central Counterparties Resolution and Recovery (CCP R/R), will also place an emphasis there. Additionally, work on the newly proposed Pan-European Pensions Product (PEPP) will be a priority. Lastly, with regards to the CMU, the review of European Supervisory Authorities (ESAs) is expected to continue under the Bulgarian Presidency however, the amount of time that they will dedicate to the file remains to be seen, following backlash from Member States.

Regarding taxation, the Bulgarians will continue work on the so-called 'tax advisors' proposal, Common (Consolidated) Corporate Tax Base, public Country-by-Country Reporting as well as 'digital taxation. Finally, cyber security is an issue that is becoming increasingly salient across the financial services industry, and as such the Bulgarians have stated that this policy area will be a priority during their tenure.

The key files during the Bulgarian Presidency are:

- > Risk Reduction Measures (CRD/CRR & BRRD/SRMR)
- > EMIR REFIT
- > EMIR Supervision (II.2)
- > CCP R/R
- > ESAs review
- > Cyber security package

Risk Reduction Measures Package

The Risk Reduction Measures Package is one of the core dossiers that the Bulgarian Presidency will continue work on. Following an agreement on the two 'fast-tracked' elements – Creditor Hierarchy Directive and IFRS 9 & Large Exposures – the Bulgarians will deal with the remaining elements of the package. The Estonian Presidency made significant progress on the Capital Requirements Regulation (CRR), the Capital Requirements Directive (CRD), Bank Recovery and Resolution Directive (BRRD) and Single Resolution Mechanism Regulation (SRMR) proposals but a number of key political issues are still to be resolved. During the Bulgarian Presidency's term, the European Parliament should also amend and vote on its reports on these files. Therefore, the Bulgarians will likely begin trilogue negotiations on the package.

Review of the European Supervisory Authorities

Following the release of the Commission's legislative package on the European Supervisory Authorities (ESAs) review on 20 September 2017, little progress has been made in the Council with only general first exchange of views between Member States. Therefore, the Bulgarian Presidency will be in charge of trying to define the working methodology on the package, which is already facing strong resistance from Member States. The Bulgarians are expected to provide more guidance on how the package will be treated, including a likely fast-track of the European Systemic Risk Board (ESRB) review which can reasonably be agreed under their mandate. The Bulgarian Presidency will also lead discussions on the rest of the package, including more contentious changes to governance and funding of the ESAs and additional powers for ESMA. This has not gathered strong support amongst Member States; there appears to be a general feeling that the package is very unlikely to be concluded during the Bulgarian Presidency, and even possibly not before the end of the current Commission/European Parliament mandate.

REFIT Review of the European Markets Infrastructure Regulation

The review of the European Markets Infrastructure Regulation (EMIR REFIT) has been one of the priority files of the Estonian Presidency. The Estonians have led the discussion through the Council, and have made significant progress reaching a General Approach in December. Therefore, the Bulgarian Presidency, awaiting amendments from the European Parliament, could be able to kick off trilogies within its term. According to a provisional timeline, the final Parliament report is expected in April.

EMIR (Supervision) – EMIR II.2

Contrary to the EMIR REFIT review, discussions on the amendments that were further proposed under EMIR with regards to third country supervision and Euroclearing (EMIR II.2) were more challenging. Due to its political sensitivity (tied to Brexit negotiations) the Estonian Presidency focused more on third country supervision as the Euroclearing aspects faced a number of hurdles. The Bulgarians are expected to follow the same approach as the Estonians i.e. work towards reaching the maximum progress possible. Discussions on the location policy provisions will most likely remain bogged down during the upcoming Presidency. There have been discussions on separating the file between the supervision and the Euroclearing sections, however currently there is no clear majority supporting or opposing the split.

EMIR / European Central Bank

Following the Commission proposal to amend EMIR, which provisioned for enhanced European oversight of third-country CCPs via ESMA and central banks, the ECB issued a recommendation to amend Article 22 of its Statute which would grant additional regulatory powers on clearing and payment systems in line with the proposed framework. The file is being negotiated in Council together with EMIR II.2 and will be treated by the Bulgarian Presidency in the same fashion as the Euroclearing aspects of EMIR II.2. Member States have diverging views on the role of central banks – particularly the ECB; however, here there does seem to be a common will to place the role of central banks under level 1 legislation.

Prudential Review of Investment Firms

The Commission launched its prudential review of investment firms on 20 December 2017, two weeks after the originally proposed launch date - this delay being indicative of the technical and political challenges of this initiative. The Commission's proposal has broadly followed the European Banking Authority's recommendations made in September, except for how systemic investment firms will be identified. Industry, for its part, is understandably concerned over whether they will be categorised as a class 1, 2 or 3 investment firm, given the differing capital charges each brings. Anecdotal evidence suggests that this state of affairs will slow progress on talks, as these individuals get up to speed with the specificities of the investment firm space. As such, achieving a General Approach during Bulgaria's tenure will be challenging but not impossible.

Cross Border Distribution of Funds

Having decided against proceeding with a full-blown legislative exercise reviewing the terms of the Alternative Investment Fund Managers Directive (AIFMD) this year (as had been a possibility), the Commission decided in favour of addressing some of the most problematic elements of this regime and its UCITS counterpart with plans for a new proposal due next year. The ambition is to address issues that are impeding the smooth functioning of the marketing passport available in each case. These range from the presence of fees being charged for the privilege of marketing even under a passport, to the need to have a local paying agent under certain circumstances. It will be touch and go as to whether or not this file will have the requisite time needed for a political agreement to be reached before the end of this Commission mandate. Yet, should the Council take the initiative in negotiating a General Approach, it is not inconceivable that an agreement could be reached.

Central Counterparty Recovery and Resolution

Following the Estonian Presidency's inability to reach a General Approach on the file under its term, the Bulgarian Presidency will now try to make as much progress as possible during its mandate. However, given the strong links between CCP R/R, EMIR II.2 (CCP supervision), and the ESAs review with regards to governance provisions (decision-making process and role/composition of colleges), progress is expected to be limited in the Council, pending greater clarity from these files. Therefore, the Bulgarian Presidency is unlikely to be in a position to finalise the file under its term either, leaving the following Austrian Presidency with the responsibility of reaching a General Approach in H2 2018. With the European Parliament (EP) set to agree on the file in early 2018, some pressure can be expected from the EP on the Council to speed up proceedings, so that trilogue negotiations could then start as early as possible in the course of 2018.

Delegation

The issue of whether the services of financial market participants can continue to be outsourced from EU hubs to the UK following Brexit has captured the imagination of legislators in Brussels, particularly those dealing in the field of asset management regulation. The European Commission's ESA Review does provisionally enhance the oversight role of ESMA in regards delegation of investment / portfolio management, but this issue has not yet seemingly been discussed at Working Party level in any great depth. The hope among industry is that the politics surrounding the UK's departure from the EU do not overtake policy discussions in this field. If that were to happen it could have a chilling effect on the competitiveness of EU fund wrappers. Thus far, the Commission and key Member States have sought to reassure that major changes to the status quo in this regard are not their priority.

Pan-European Personal Pension Product

Since the release of the Commission's proposal, good progress has been made under the Estonian Presidency to advance the file. At the same time, discussions around ensuring a level playing field for all the market players entitled to offer the Pan-European Personal Pensions (PEPPs) product were difficult, the Presidency managed to address some of the most controversial issues. Nevertheless, the Bulgarian Presidency will have a considerable amount of work that still needs to be done. In the European Parliament, work is expected to speed up once the rapporteur Sophie In't Veld has presented her draft report, which is due on 21 February. Even if the Bulgarians speed up and manage to reach the Council General Approach, the trilogues will not begin under their tenure as the final vote on the ECON report is expected towards the end Spring 2018

Sustainable Finance

At the end of 2016 the Commission launched its High Level Expert Group (HLEG) on Sustainable Finance to find areas in which the EU could take action. The HLEG will present its final report in January 2018 wherein it will recommend to the Commission workstreams. One of these workstreams that the Commission is already working on is introducing Environmental, Social and Governance (ESG) factors into the fiduciary duties of asset managers and institutional investors with a view to proposing legislation in Q1 2018. Additionally in Q1 2018 the Commission will present an Action Plan on Sustainable Finance along with a taxonomy on what is 'green'. The Bulgarian Presidency will likely kick off work in these areas as this is a very nascent policy area.

Money Market Funds - Level II

Following the release of ESMA's final report on the Money Market Funds (MMF) Level II measures in November 2017, work is expected to continue on these measures to finalize them ahead of the Regulation's application date in July 2018. ESMA's final report comprised of the technical advice that provided input on two mandated delegated acts: on liquidity and credit quality requirements, and on the specification of the credit quality assessment methodologies. In addition, ESMA will draft implementing technical standard (ITS) establishing a reporting template and guidelines on stress test scenarios. Once the Commission endorses the delegated acts and the ITS, the Bulgarian Presidency will scrutinize them along with the European Parliament.

Financial Transactions Tax

The latest rumours emerging from the Participating Member States (PMS) negotiating a Financial Transactions Tax (FTT) suggest that this file is likely to remain “in stasis” for the immediate future. It had been hoped that the new French President Emmanuel Macron might inject new impetus into the initiative, particularly following recent comments that he would like to build a coalition around a French-inspired FTT. However it is likely that economic realities will for the moment take precedence, with the PMS all the more cautious about proceeding with a new levy on financial activity at a time many are seeking to tempt business away from the City of London. The appetite to withdraw the proposal is also seemingly lacking, hence the current lock-jam in talks.

Cybersecurity

In September 2017, the Commission published the long-awaited cybersecurity package, a comprehensive set of measures aimed at strengthening cyber resilience across the EU. The package attempts to address many cybersecurity challenges and offers comprehensive solutions: a Regulation reforming the mandate of the European Union Agency for Network and Information Security (ENISA) and the establishment of an EU cybersecurity certification framework for ICT products and services (the “Cybersecurity Act”). This could act as a blueprint for handling large scale cybersecurity incidents and the setting-up a cybersecurity competence network. As for the Cybersecurity Act, work in the European Parliament is progressing rather slowly; the industry committee (ITRE) is leading on the file and their draft report is expected by end February 2018. The Estonian Presidency has moved slightly faster on it, and has been discussing the file on an article-by-article basis. The Bulgarian Presidency considers this a priority file and therefore has more ambitious plans, intending to reach a general approach by the end of their term, with a hope to beginning trilogue negotiations. Additionally, the Bulgarians plan to produce a report on the progress of implementation of the Cybersecurity Action plan that was adopted on 12 December 2017.

FinTech

The European Commission is expected to release an Action Plan on FinTech in March of this year, containing many predominantly non-legislative items and recommendations on how industry should be managing its development. It has also been confirmed that a new legislative proposal in the field of crowdfunding and peer-to-peer (P2P) finance should be expected in March of next year. Early feedback following the release of an Inception Impact Assessment in this regard suggests that industry may not be entirely comfortable with the direction of travel proposed by the Commission (a possible mandatory framework for within-scope activities), which dampens the likelihood of the file representing a possible quick-win for the Bulgarians.

Public Country-by-Country Reporting

The most significant event to take place affecting discussions on Public Country-by-Country Reporting (CBCR) over the next six months will likely come in Berlin, not Brussels, with the country yet to agree a Government and hence a definitive position in this space. As such, company law attaches are anticipating playing the waiting game until the exact nature of the German position becomes clear. If it is supportive of Public CBCR, there is a chance a General Approach could be agreed swiftly and trilogues launched during the Bulgarians Presidency. If this were to happen, then there is every reason to believe a political agreement could be reached during H1 2018. However, even if this were to happen it is likely that a legal challenge would be awaiting given the highly controversial nature of the legal base.

Common (Consolidated) Corporate Tax Base

Progress made during the Estonian Presidency on the common elements of this package have been extremely limited. At the time of writing there is very little to suggest that this state of affairs will be demonstrably different come the end of the Bulgarians stint at the helm. That had been a hope from those favourably disposed towards the package that the salience of digital taxation could be sufficient enough to generate renewed momentum behind the measures. This stands to reason as questions surrounding so-called “digital permanent establishment” most naturally sit within this space. However, the greater scrutiny placed upon on these files as a consequence (not to mention the fallout generated by the Paradise Papers) has only illustrated more strongly the difficulties inherent in making progress in taxation files at EU level generally, and this piece specifically. This should not be surprising given its potential to reduce the size of certain countries’ corporate tax base.

Payment Services Directive 2 – Level II

The reviewed Payment Services Directive (PSD 2) entered into force in January 2016 and must be transposed by January 2018, in this regard the Commission published the much awaited final Regulatory Technical Standard (RTS) on secure communication and strong customer authentication (SCA) and common and secure communication (CSC) in November 2017. This opened a 3 month scrutiny period for Council and Parliament, which can be prolonged for another 3 months. It will now fall to the Bulgarian’s to oversee the Council scrutiny period and the final adoption of the most controversial level 2 measure under PSD2.

Single Euro Payments Area extension

In March 2018, the Commission is expected to launch a REFIT review proposal to extend the scope of the regulation on cross-border payments (SEPA Regulation) as part of the Consumer Financial Services Action Plan. The SEPA Regulation equalised fees for cross-border and national payments in euros within the EU and included an opt-in clause for non-euro Member States to join; however, until today this option has only been used by Sweden. This proposal aims to extend SEPA Regulation to all currencies in the EU and therefore bring down the costs of cross-border transactions in all Member States. It will fall under the Bulgarian Presidency to kick-off discussions in the Council and possibly reach a general approach.

Covered bonds

The Bulgarian Presidency will launch discussions in the Council on the Commission legislative proposal on covered bonds, which is expected in the first quarter of 2018. The proposal will aim to develop a robust European Union label, to help markets without (prominent) covered bonds develop, ease cross-border investment and attract third-country investment.

Securities Financing Transactions Regulation - Level II

The Commission is due to adopt a batch of regulatory technical standards (RTS) foreseen under the Securities Financing Transactions Regulation (SFTR) submitted by ESMA in March, which notably includes the final RTS on SFT reporting. The original deadline to adopt the RTS was by the end of June. The Bulgarian Presidency will be responsible for leading negotiations during the prescribed scrutiny procedure of these measures in the Council, with the aim to either adopt, amend or reject the standards presented by the Commission.

Sovereign Bond-Backed Securities

After the Commission suggested the development of sovereign bond-backed securities (SBBS) in its reflection paper on the deepening of the EMU, the European Systemic Risk Board is expected to publish a study on SBBS. SBBS are securitised financial products which can possibly increase liquidity and diversify bank's balance sheets without debt mutualisation between Member States. Given that the Commission is expected to propose an enabling framework for SBBS on 28 March as part of a Banking Union package, the Presidency will only be able to launch preliminary discussions on the legislative proposal. Therefore it is likely that Bulgaria will have to transfer the bulk of the legislative work to the Austrian Presidency starting on 1 July 2018.

Non-Performing Loans

Following the adoption of Council's action plan on non-performing loans (NPLs) in July 2017, the Council invited the Commission and other actors to take steps on several fronts to reduce the risk to financial stability, both by addressing the existing stock of NPLs and to prevent the future emergence and accumulation of NPLs. A dedicated expert group under the auspices of the Commission worked on several action points that the Commission is expected to present in March 2018 proposals. The proposals should focus on the development of secondary markets for NPLs and the protection of secured creditors from business borrowers' default. Even if some of the upcoming proposals are expected to be non-legislative, the Economic and Financial Affairs (ECOFIN) Council will regularly discuss NPLs in order to receive updates as agreed under the Council's action plan, with the first such discussion taking place during the ECOFIN in January 2018.

European Deposit Insurance Scheme (EDIS)

Pending sufficient progress being made on the Risk Reduction Measures package within Council, as well as due to the new possible approach to EDIS presented in the Commission's Communication on completing the Banking Union of 11 October, the Bulgarian Presidency will most likely only be able to continue technical discussions. In the Commission's Banking Union Communication, it appeared ready to take a step back from the original proposal and break it down into two phases (Phase 1 - reinsurance and Phase 2 - coinsurance); a great deal of ambiguity remains with regard to the third phase, and thus discussions are expected to be limited, potentially focusing only on the first phase.

Securities Law Legislation – Assignment of Claims

In the upcoming CMU package due to be released in March 2018, a proposal on the assignment of claims and securities ownership is expected to be included. Already identified in the Giovannini reports as one of the key barriers to a truly single post-trading market in the EU, the issue of fragmented securities law has been a long standing concern. Much work has been undertaken by EU institutions to improve post-trade services such as clearing, settlement and collateral management, however the area of post-trade remains a source of concern for the EU. This initiative aims to improve the legal certainty of cross-border transactions in securities and claims. Once the proposal is released, the discussions under the Bulgarian Presidency should begin, with limited progress expected.

Tax Intermediaries

On 21 June the Commission issued its new legislative proposal on “Tax Advisors”, an initiative which in the words of Vice-President Valdis Dombrovskis will ensure the EU maintains its status as a “frontrunner when it comes to bringing more transparency to the world of aggressive tax planning.” Essentially, the proposal will mandate those “intermediaries” that play a (any) role in the facilitation or implementation of aggressive tax planning to provide information on such arrangements to their local competent tax authority. The Estonian Presidency has held several meetings on the file and made good progress, the Bulgarians will now move forward and hope to address what appears to be the key point of contention on how particular tax arrangement should be identified, the so-called “hallmarks.” A final agreement by the end of the Bulgarian’s tenure does not seem unattainable.

Women on Boards

The European Commission is to push for a quota for women on company boards in order to address the slow progress on gender equality in the senior ranks of publicly listed businesses. Under the proposals presented by Commissioner Věra Jourová on 14 November, companies whose non-executive directors are more than 60% male would be required to prioritise women when candidates of equal merit were being considered for a post. However, whether there is any appetite to advance these proposals under the Bulgarian Presidency remains to be seen. Previous attempts by the EU’s executive to set a 40% goal for women in the top ranks of listed companies have been blocked by Germany, the Netherlands, and Sweden over fears that Brussels was overreaching into domestic affairs, whereas Hungary and Poland have opposed the move on ideological grounds.

Bulgarian Presidency Financial Services Agenda

FS initiatives planned by the Commission for January – July 2018 (dates indicative)

- > Action Plan on Sustainable Finance, Q1 2018
- > EU framework on crowd and peer to peer finance, Q1 2018
- > Reducing Barriers to the Cross-border Distribution of Funds, Q1 2018
- > European enabling framework for covered bonds, Q1 2018
- > Initiative on Financial Technology (FinTech), Q1 2018

Organisation of the Bulgarian Presidency

The Presidency is being coordinated by the Ministry of Foreign Affairs, who are represented in Brussels by the Permanent Representative to the EU Dimitar Tzantchev, and in Sofia by Foreign Minister and Deputy Prime Minister Ekaterina Zakhariyeva. A special Ministerial post for the Presidency has been created, that of Minister for the Bulgarian Presidency of the EU Council 2018; Liliana Pavlova Nikolova has been appointed to this position, and will be in charge of overseeing the logistics and administration during the Bulgarian Presidency's tenure.

Bulgaria's position in the EU

Bulgaria was under the influence of the USSR throughout the Cold War. With the collapse of the Soviet Union, the first free elections were held in June 1990 and were won by the Bulgarian Socialist Party (BSP, the renamed Communist Party). A new Constitution was adopted in July 1991 that introduced the positions of a largely ceremonial directly-elected president, and a prime minister accountable to the legislature. The new system initially failed to improve living standards or create economic growth; the average quality of life and economic performance remained lower than under communism well into the early 2000s. After 2001, economic, political and geopolitical conditions improved greatly and Bulgaria achieved high 'Human Development' status. It became a member of NATO in 2004 and participated in the War in Afghanistan. After several years of reforms it joined the European Union in 2007, with the backing of all major political parties. While not a member of the Eurozone, the Bulgarian Lev is pegged to the Euro. This will be the first time that Bulgaria has held the Presidency of the EU.

Attitude toward the EU

EU membership has been credited with jump-starting the Bulgarian economy following a period of poor growth after leaving the Soviet Bloc. Following the application of a reform agenda in the early 2000s, the country experienced a rise in economic growth, this development was further consolidated with EU membership which the country attained in 2007. Support for EU in the country is relatively high, with 65% of the country reportedly happy with EU membership according to the 2017 Eurobarometer survey, although divisions continue to persist in the country between allegiance to Europe and allegiance to Russia.

Domestic Political Scene

Bulgaria is a parliamentary democracy where the government is led by a collegial Council of Ministers, with a Prime Minister as its leader on a *prima inter pares* basis. The country's President serves as the head of state and commander-in-chief of the armed forces, has executive powers over treaties and international relations, has the right to legislative initiative on referenda, and appoints constitutional judges. Political parties gather in the National Assembly, which consists of 240 members of parliament elected to four-year terms by proportional representation.

The country is currently ruled by Boyko Borisov's centre-right Citizens for European Development of Bulgaria (GERB), which has a Coalition Agreement with the conservative United Patriots. The Parliament also contains the Bulgarian Socialist Party, the liberal Movement for Rights and Freedoms (DPS), and the populist Volya Party. GERB has been the ruling party since 2009, and is seen as the party representing business interests and a push towards integration into the EU. The Socialists and DPS, currently the main opposition parties, are also generally supportive of EU integration. The Volya Party and the United Patriots are seen as harbouring soft Eurosceptic sympathies, and advocate closer relations with Russia – however despite the United Patriots being GERB's coalition partners, this has not coloured GERB's stance on the EU in any discernible way.

Bulgaria in the EU

Mariya Gabriel is the Bulgarian Commissioner in the College of Commissioners, holding the portfolio of Digital Economy and Society. She has strong links to the Citizens for European Development Party of Bulgaria, having been an MEP for 8 years and Vice-President of the EPP in the European Parliament for 3 years.

The country's 17 seats in the European Parliament are divided between Citizens for European Development Party of Bulgaria (6 seats, EPP affiliated), Coalition for Bulgaria (4 seats, PES affiliated), Movement for Rights and Freedoms (4 seats, ALDE affiliated), Bulgaria Without Censorship (2 seats, ECR affiliated), and the Reformist Bloc (1 seat, EPP affiliated). Eva Maydell, an MEP from the Citizens for European Development Party of Bulgaria, is a substitute on the ECON committee and a member of the IMCO committee. In addition Filiz Hyusmenova of the Movement for Rights and Freedoms is a substitute on IMCO.

ANNEX I

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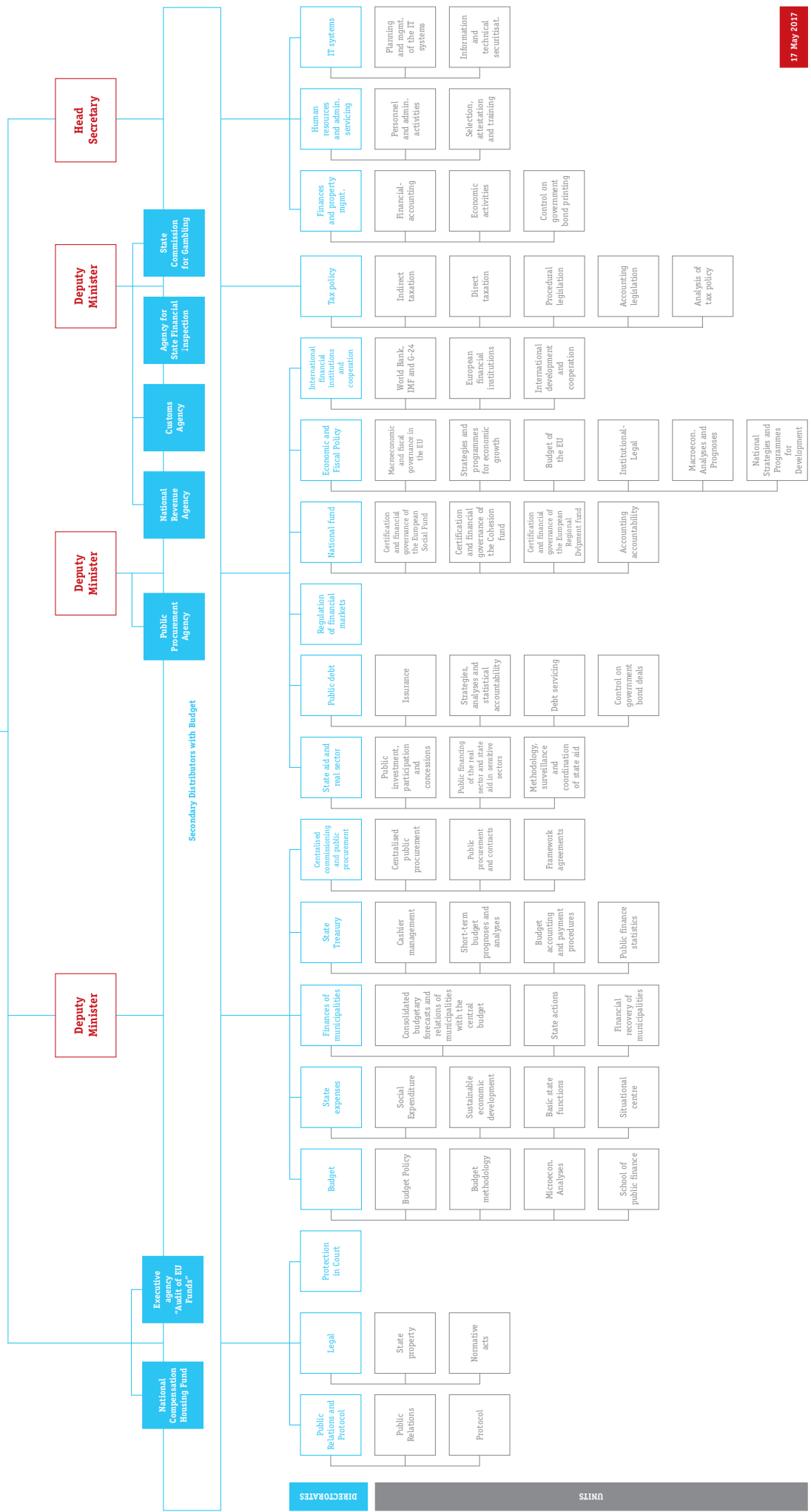
Website: www.minfin.bg

The Minister of Finance is Vladislav Goranov. He is a member of the Liberal-Conservative Citizens for European Development of Bulgaria Party, and has held several positions within the Ministry of Finance in addition to previously being a Member of the National Assembly.

The Ministry of Finance is the Bulgarian institution responsible for the development and coordination of, and control over the implementation of the state policy in the field of public finances, tax policy, government debt management, financial services and financial markets, and internal control. The Ministry's policies are focused on all economic growth factors whose achievement is not possible without a more secure, stronger, more transparent and more responsible financial system to the benefit of both Bulgaria's economy and society.

Minister

- > Political cabinet
- > Inspectorate
- > Unit "Protection of classified information"
- > Directorate "Methodology of the control and internal audit"
- unit "Methodology of the control"
- unit "Internal audit"
- > Financial controllers



DIRECTORATES

UNITS

Bulgarian Central Bank

Address: 1000 Sofia, 1 Knyaz Alexander I Square

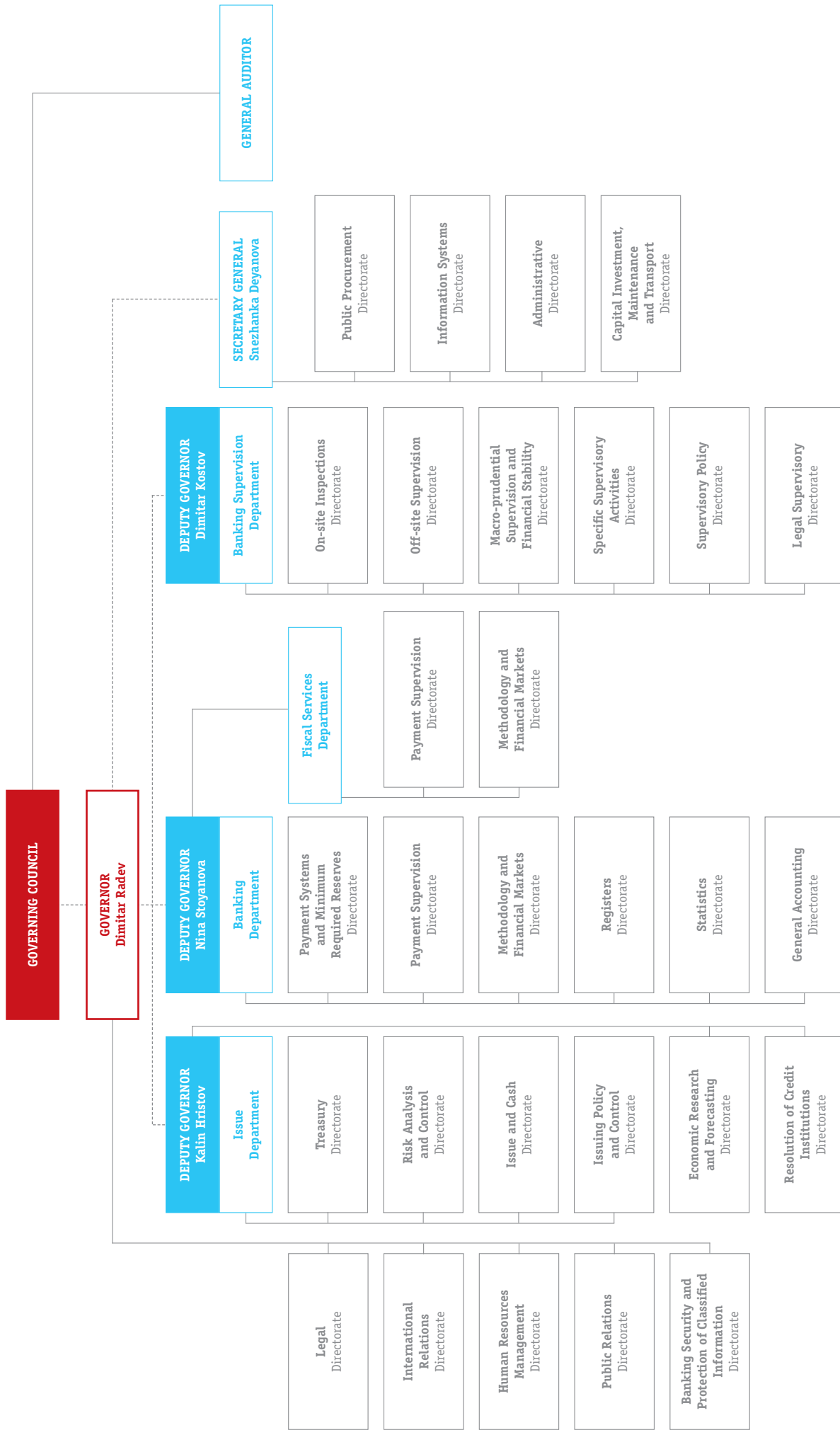
Tel: +352 291459

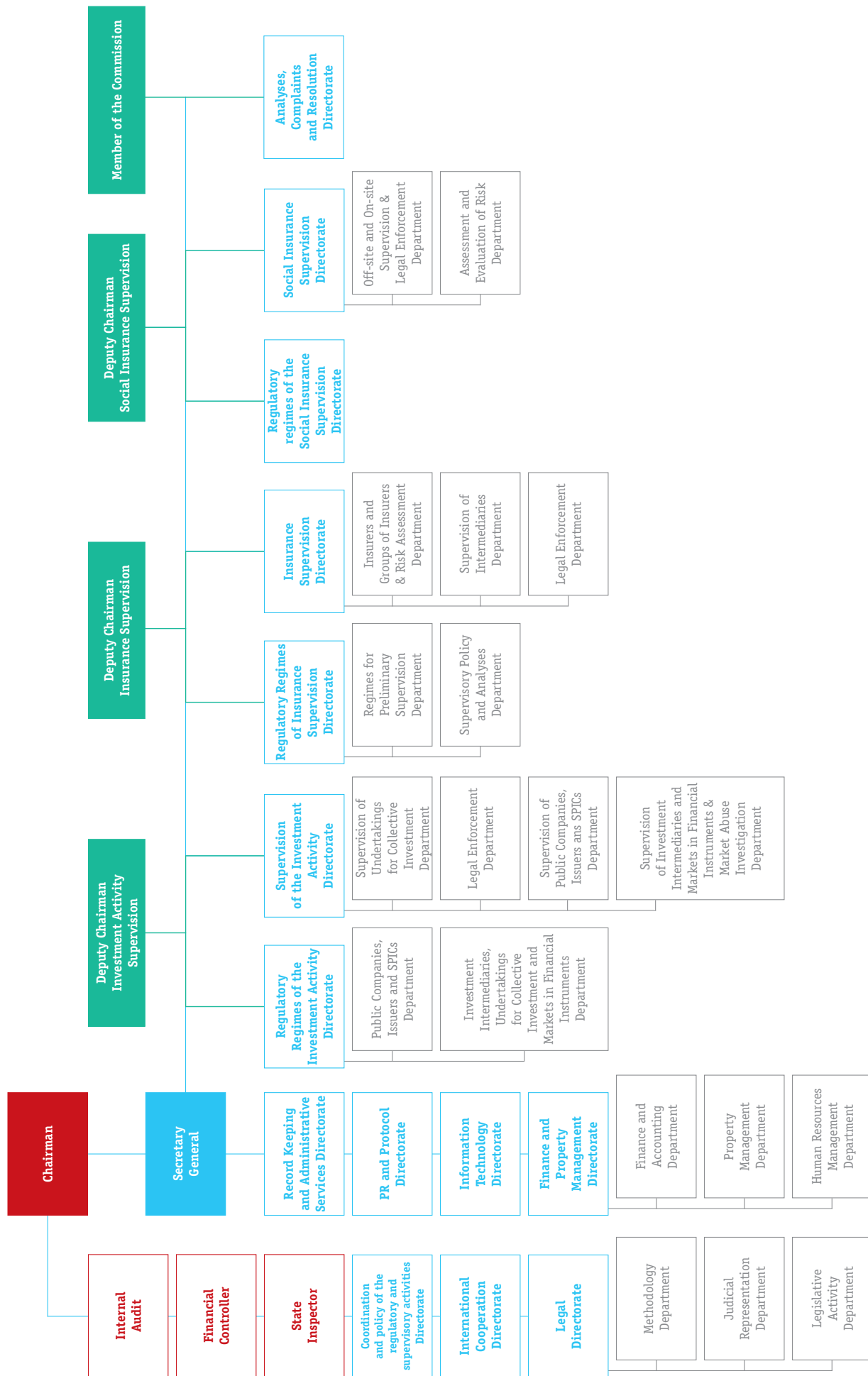
Email: press_office@bnbank.org

Website: www.bnb.bg

The Bulgarian Central Bank's (BNB) major objective is to maintain price stability by ensuring the stability of the national currency. The Bank supports the creation and functioning of efficient payment systems and has oversight over these. It is the only issuing institution in Bulgaria and maintains the cash cycle. The BNB regulates and supervises other banks' activities for the purpose of ensuring the stability of the banking system and protecting depositors' interests. The Bank carries out research work, compiles, aggregates and analyses statistical data.

Since 1 January 2007 (with Bulgaria's accession to EU) the Bank is a member of the European System of Central Banks. In the BNB, a Governor (with 3 deputies covering remits in Issue, Banking, and Banking Supervision) answer to a Governing Council. Dimitar Radev is the current Governor of the Bank.





ANNEX II

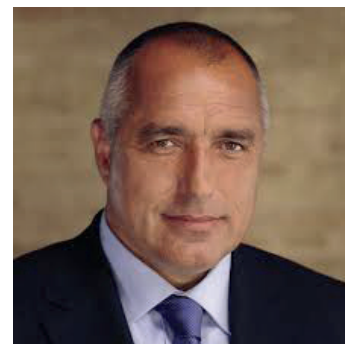
CVs of Key Bulgarian Ministers

Boiko Borisov Prime Minister

Born June 13, 1959

Graduated from the Higher Special School of the Ministry of Interior, majoring in “Anti Fire Equipment and Safety” and attained the rank of ‘Lieutenant’.

Since 2009	Present Prime Minister of the Republic of Bulgaria.
2005-2009	Elected Mayor of the Capital City of Sofia.
2001-2005	Secretary General of the Interior Ministry.
1991	founded IPON-1, one of the largest security companies in the country.
1985-1990	Lecturer at the Higher Institute for Police Officers Training and Scientific Research of the Ministry of Interior.



Ekaterina Zaharieva Deputy Prime Minister for Judicial Reform and Minister of Foreign Affairs

Born 8 August 1975

Master’s Degree in Law from University of Plovdiv, and Bachelors from “Bertholt Brecht” Foreign Language School in Pazardjik

Since May 2017	Deputy Prime Minister for Judicial Reform and Minister of Foreign Affairs
Since March 2017	Member of Bulgarian Parliament
2015-2017	Minster of Justice
2013-2014	Deputy Prime Minister and Minister of Regional Development and Public Works in the caretaker government of President Rossen Plevneliev
2013-2015	Chief of Staff to the President of the Republic of Bulgaria
2012-2013	General Secretary of the Administration of President Rossen Plevneliev.
2009-2013	Deputy Minister of Regional Development and Public Works in the first government of Prime Minister Boyko Borisov
2003-2009	Legal Advisor and Director of the Legal Directorate in the Ministry of Environment and Waters
2001-2003	Attorney-at-law practice



Vladislav Goranov Minister of Finance

Born 30 April 1977

Masters in Accounting and Control from D. A. Tsenov Academy of Economics

Since Nov. 2014	Present Minister of Finance
2009-2013	Deputy Minister of Finance
2001-2009	Head of Social Expenditures Division of Ministry of Finance
1998-2001	Specialist at Extra-budgetary accounts and funds division



Marinela Petrova

Deputy Minister of Finance

Born 13 October 1969

Master's Degree in Economics, University of National and World Economy,
and Master's Degree in European Integration, St. Kliment Ohridski Sofia University

Since 2010	Director of the Economic and Financial Policy Directorate of the Ministry of Finance
Since 2009	Director of the EU Affairs and Policy Directorate of the Ministry of Finance
2001-2009	Director of the European Integration Directorate
1992-2001	Expert at the Agency for Economic Programming and Development



Rositsa Velkova

Deputy Minister of Finance

Born 16 March 1972

Master's Degree in Finance, University of National and World Economy,
114 English Language School, Sofia

Since 2001	Head of Sustainable Economic Development Division within the State Expenditure Directorate
2008-2009	represented the Republic of Bulgaria in the UNESCO group of financial experts and in the Financial Committee
2000-2001	Deputy Chair of the State Agency for Social Security Supervision
1993	Started working at the Ministry for Finance



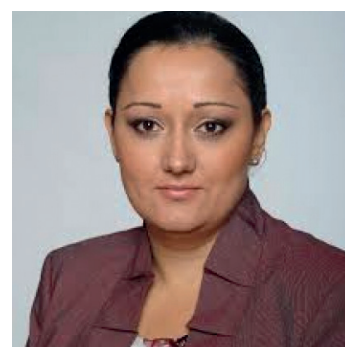
Liliana Pavlova Nikolova

Minister for the Bulgarian Presidency of the EU Council 2018

Born 06.12.1977

Doctor of Economics, Higher Attestation Commission at the Council of Ministers,
Master of Public Administration and European Integration, Varna Free University
'Chernorizets Hrabar', and Bachelor of International Economic Relations,
University of National and World Economy

Since May 2017	Minister for the Bulgarian Presidency of the EU Council 2018
2014-2017	Minister of Regional Development and Public Works
2011-2013	Minister of Regional Development and Public Works
2009-2011	Deputy Minister of Regional Development and Public Works
2002-2009	Head of Department at National Fund Directorate, Ministry of Finance



ANNEX III

Provisional Calendar

		JANUARY		FEBRUARY		MARCH
Mon	1	New Year's day				
Tue	2					
Wed	3					
Thu	4	PSC (poss.)	1	BG Presidency opening concert - Brussels PSC Informal COMPET (BG)	1	EP Plenary (Brussels) PSC ASEM Culture Ministers' Meeting (BG)
Fri	5		2	Coreper I Informal COMPET (BG)	2	Coreper I ASEM Culture Ministers' Meeting (BG)
Sat	6		3		3	BG National Holiday
Sun	7		4		4	
Mon	8		5	EP Plenary	5	ENVI
Tue	9	PSC	6	EP Plenary PSC	6	FAC Defence
Wed	10	Coreper II/ Coreper (art. 50)/ Coreper I	7	EP Plenary Coreper II/ Coreper (art. 50)/ Coreper I	7	Coreper II/ Coreper I/PSC
Thu	11	Opening Ceremony (BG) Visit by the College of Commissioners – Sofia PSC	8	EP Plenary PSC	8	JHA PSC
Fri	12	Visit by the College of Commissioners – Sofia	9	Coreper I	9	JHA Coreper I Ministerial Conference on the future Multiannual Financial Framework (BG)
Sat	13		10		10	
Sun	14		11		11	
Mon	15	EP Plenary	12		12	EP Plenary EUROGROUP COMPET
Tue	16	EP Plenary PSC	13	PSC Ministerial Conference "Tourism and economic growth" (BG)	13	EP Plenary ECOFIN COMPET PSC
Wed	17	EP Plenary Coreper I/ PSC	14	Coreper II/ Coreper I	14	EP Plenary Coreper II/ Coreper (art. 50)/ Coreper I/PSC
Thu	18	EP Plenary Coreper II	15	GYMNICH EYCS (Education) PSC	15	EP Plenary EPSCO (Social) Coreper II (poss.)
Fri	19	Coreper I	16	GYMNICH Coreper I	16	Coreper I
Sat	20		17		17	
Sun	21		18		18	
Mon	22	EUROGROUP FAC	19	EUROGROUP AGRIFISH	19	FAC AGRIFISH
Tue	23	ECOFIN PSC	20	ECOFIN Informal FAC/Development (Brussels) PSC	20	GAC /GAC (art. 50) PSC
Wed	24	Coreper II/ Coreper (art. 50)/Coreper I	21	Coreper II/ Coreper (art. 50)/ Coreper I/ PSC	21	Tripartite Social Summit Coreper I
Thu	25	PSC Informal JHA (BG)	22		22	EUROPEAN COUNCIL
Fri	26	Coreper I Informal JHA (BG)	23	Informal leaders' meeting (Brussels)	23	EUROPEAN COUNCIL
Sat	27		24		24	
Sun	28		25		25	
Mon	29	AGRIFISH GAC (art. 50)	26	FAC Informal FAC/Trade (BG)	26	
Tue	30	PSC	27	GAC/GAC (art. 50) PSC Informal FAC/Trade (BG)	27	PSC
Wed	31	Coreper II/ Coreper I Informal COMPET (BG)	28	EP Plenary (Brussels) Coreper II/ Coreper (art. 50)/ Coreper I Informal EYCS (Culture) (BG)	28	Coreper II/ Coreper(art. 50)/ Coreper I
Thu					29	MAUNDY THURSDAY
Fri					30	GOOD FRIDAY
Sat					31	

		APRIL		MAY		JUNE
Sun	1	EASTER				
Mon	2	EASTER MONDAY				
Tue	3		1	Labour Day		
Wed	4		2	EP Plenary (Brussels) Coreper II/ Coreper I/ PSC		
Thu	5		3	EP Plenary (Brussels) PSC		
Fri	6	ORTHODOX GOOD FRIDAY	4	Coreper I Informal FAC/Defence (BG)	1	Coreper II Trip/ Coreper I
Sat	7		5	Informal FAC/Defence (BG)	2	Coreper II Trip
Sun	8	ORTHODOX EASTER	6	BG National Holiday	3	Informal AGRI (BG)
Mon	9	ORTHODOX EASTER MONDAY	7		4	JHA (Luxembourg) Informal AGRI (BG)
Tue	10	PSC Informal ENVI (BG)	8	Coreper II/ Coreper (art. 50)/ Coreper I/ PSC	5	JHA (Luxembourg)/PSC Informal AGRI (BG)
Wed	11	Coreper II/ Coreper (art. 50) (poss.)/ Coreper I PSC Informal ENVI (BG)	9	Europe Day	6	Coreper II/ Coreper (art. 50)/ Coreper I PSC Trip
Thu	12	GAC Cohesion (Luxembourg)	10	ASCENSION	7	TTE (Transport) (Luxembourg) PSC Trip
Fri	13	Coreper I	11	ASCENSION	8	TTE (Telecoms) (Luxembourg) PSC Trip High-Level Conference "EU Cohesion Policy: post 2020 perspectives for convergence and sustainable regions"(BG)
Sat	14		12		9	
Sun	15		13		10	
Mon	16	EP Plenary AGRIFISH (Luxembourg) FAC (Luxembourg) Ministerial Conference on Social Economy and Social Entrepreneurship (BG)	14	AGRIFISH (poss.) GAC/GAC (art. 50)	11	EP Plenary TTE (Energy) (Luxembourg)
Tue	17	EP Plenary AGRIFISH (Luxembourg) GAC (poss.) /GAC (art. 50) (poss.) (Luxembourg) PSC Informal EPSCO (Social) (BG)	15	Coreper II/PSC	12	EP Plenary PSC
Wed	18	EP Plenary Coreper II/Coreper I Informal EPSCO (Social) (BG)	16	Coreper I	13	EP Plenary Coreper II/ Coreper I
Thu	19	EP Plenary JHA (poss.) (Luxembourg) Informal TTE (Energy) (BG) PSC Ministerial Conference "Clean Energy – negotiating the way ahead" (BG)	17	EU-Western Balkans SUMMIT (Sofia) Coreper I Trip /PSC	14	EP Plenary Coreper II (poss.) / PSC
Fri	20	Coreper I Informal TTE (Energy) (BG)	18	Coreper I Trip	15	Coreper I
Sat	21		19	COREPER I Trip	16	
Sun	22	Informal EPSCO (Health) (BG)	20	PENTECOST	17	
Mon	23	Informal EPSCO (Health) (BG)	21	WHIT MONDAY	18	AGRIFISH (Luxembourg)
Tue	24	PSC	22	FAC Trade (a.m.) FAC Development (p.m.) EYCS PSC	19	AGRIFISH (Luxembourg) Coreper II (poss.) PSC
Wed	25	Coreper II/ Coreper (art. 50)/ Coreper I ASEM Finance Ministers' Meeting (BG)	23	EYCS PSC EU - US Justice and Home Affairs Ministerial Meeting (poss.) (BG)	20	Coreper II/ Coreper (art. 50)/ Coreper I/ PSC
Thu	26	PSC ASEM Finance Ministers' Meeting (BG)	24	BG National Holiday EUROGROUP Coreper II	21	EUROGROUP (Luxembourg) EPSCO (Social) (Luxembourg)
Fri	27	Coreper I Informal ECOFIN (BG)	25	ECOFIN Coreper I	22	ECOFIN (Luxembourg) EPSCO (Health) (Luxembourg)
Sat	28	Informal ECOFIN (BG)	26		23	
Sun	29		27		24	
Mon	30		28	EP Plenary FAC COMPET	25	FAC (Luxembourg) ENVI (Luxembourg)
Tue			29	EP Plenary COMPET Coreper II/ PSC	26	GAC/GAC (art. 50) (Luxembourg) PSC
Wed			30	EP Plenary Coreper II Trip/ Coreper I	27	Coreper I
Thu			31	EP Plenary Coreper II Trip / PSC	28	EUROPEAN COUNCIL
Fri					29	EUROPEAN COUNCIL
Sat					30	

ANNEX IV

Key Council Meetings

Informal meetings will take place in Bulgaria. In May and June Council meetings will take place in Luxembourg. All other meetings will take place in Brussels.

European Council

- > 22-23 March
- > 28-29 June

Eurogroup and ECOFIN Council

- > 22 January (Eurogroup)
- > 23 January (ECOFIN)
- > 19 February (Eurogroup)
- > 20 February (ECOFIN)
- > 12 March (Eurogroup)
- > 13 March (ECOFIN)
- > 24 May (Eurogroup)
- > 25 May (ECOFIN)
- > 22 June (ECOFIN)

Foreign and General Affairs Councils (FAC/GAC)

- > 22 January (FAC)
- > 26 February (FAC)
- > 27 February (GAC)
- > 19 March (FAC)
- > 20 March (GAC)
- > 23 April (FAC)
- > 24 April (GAC)
- > 3 May (GAC)
- > 14 May (GAC)
- > 22 May (FAC)
- > 28 May (FAC)
- > 29 May (FAC)
- > 25 June (FAC)
- > 26 June (GAC)

ANNEX V

Country Fact Sheet

Introduction

“The Bulgars, a Central Asian Turkic tribe, merged with the local Slavic inhabitants in the late 7th century to form the first Bulgarian state. In succeeding centuries, Bulgaria struggled with the Byzantine Empire to assert its place in the Balkans, but by the end of the 14th century the country was overrun by the Ottoman Turks. Northern Bulgaria attained autonomy in 1878 and all of Bulgaria became independent from the Ottoman Empire in 1908. Having fought on the losing side in both World Wars, Bulgaria fell within the Soviet sphere of influence and became a People’s Republic in 1946. Communist domination ended in 1990, when Bulgaria held its first multiparty election since World War II and began the contentious process of moving toward political democracy and a market economy while combating inflation, unemployment, corruption, and crime. The country joined NATO in 2004 and the EU in 2007.”¹

Geography

Location:	Eastern Europe, bordering the Black Sea
Area:	110,879 sq km
Capital:	Sofia

People

Population:	7,101,510
Median age:	42.7 years
Population growth rate:	-0.61% (2017 est.)
Religions:	Eastern Orthodox 59.4%, Muslim 7.8%, other (including Catholic, Protestant, Armenian Apostolic Orthodox, and Jewish) 1.7%, none 3.7%, unspecified 27.4% (2011 est.)
Languages:	Bulgarian (official) 76.8%, Turkish 8.2%, Romani 3.8%, other 0.7%, unspecified 10.5% (2011 est.) ¹ .

¹ CIA, The World Factbook, <https://www.cia.gov/library/publications/the-world-factbook/geos/bu.html>

ANNEX VI

The EU Presidency

The Role of the EU Presidency

The main function of the Presidency of the Council of the EU is to preside over the legislative and political process, ensuring continuity of the EU agenda. The Presidency rotates every six months, and the hosting Member State has two tasks. Firstly, the Presidency is tasked, to plan, organise, and chair meetings in the Council, its preparatory bodies, and in various EU meetings. The Council comprises of Government Ministers, with different representatives in the various formations of the Council. For instance, economic, finance and tax affairs are covered by ministers in the ECOFIN Council. Secondly, the Presidency represents the Council in relations with other EU institutions, for instance in the EP. In this context, it is responsible for promoting initiatives for integration, the smooth functioning of EU institutions, and ensuring consistent European policy.

How the EU Presidency works

The Council of the EU is one of the decision-making institutions of the EU, and assuming the Presidency is an important role. The Presidency presides over all Council configurations, except the Foreign Affairs Council, which is chaired by the High Representative for Foreign Affairs and Security Policy. The Lisbon Treaty served to reduce the role of the Presidency by officially separating the European Council (Heads of State and Government) from the Council of the European Union (Ministers). The European Council since 1 December 2014, sets the strategic direction of the EU, while the Council of Ministers is the formal legislative body representing Member States. President of the European Council is Donald Tusk (Poland), was re-elected for a second term until 30 November 2019. Another important change introduced in 2007 means that the Presidency programme is now shared by three Member States over an 18-month period to improve consistency and realism in EU policy priorities. The Bulgarian Presidency is the second of its trio, which includes Estonia (H2 2017) and Austria (H2 2018).

Voting rules

Within qualify majority voting (QMV), a new voting system has been applicable since 1 November 2014. In order for a legislative act to be adopted under the new arrangements, it must have the support of at least 55 % of the EU Member States (i.e. 15 Member States in a Union of 28), representing at least 65% of the population. A blocking minority must represent Member States with at least 35% of the EU population, plus one member, meaning that at least four Council members are required. When the Council acts on its own initiative, the qualified majority shall be defined as at least 72% of the members of the Council, representing Member States comprising of at least 65% of the population of these States. Until March 2017, any Member State may request that the old voting system, based on size and population, be applied instead of the new system.